

BOYS' TOWN

(Unique Entity Number: 201534576H)

(Registered under the Charities Act 1994)

Annual Financial Statements

Financial Year Ended 31 December 2024



BOYS' TOWN

Annual Financial Statements

Contents	Page
Directors' Statement	1
Independent Auditor's Report	3
Statement of Financial Activities	6
Statement of Financial Position	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Notes to the Financial Statements	10

BOYS' TOWN

Directors' Statement

The directors of Boys' Town (the "Company") are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2024.

Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and financial activities, changes in funds and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1967, the Charities Act 1994, and Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors has, on the date of this statement, approved and authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are:

Bruno Lopez
Yeo Koh Tuan Kiok Dominic
Andre Ravindran Saravanapavan Arul
Bernard Lim Aik Kwang
Chiam Peng Kee, Irene Clare
De Vaz Ian Marc Rosairo
Edmund Lim Kim San
Khoo Kian Teck
Lek Soon Tow Bonaventure
Leon Ng Koh Wee
Valerie Tay Kay Hwee (Valerie Zheng Jiahui)
Yeap Beng Swee Philip

Under Article 7 of its Memorandum of Association, the members of the Company guarantee to contribute a sum not exceeding \$1 each to the assets of the Company in the event of it being wound up. The members of the Company are Yeo Koh Tuan Kiok Dominic, Gerard Lee How Cheng and St Gabriel's Foundation.

Directors' interest

The Company has no share capital and its members' liability are limited by guarantee.

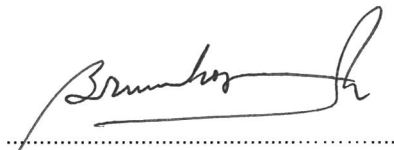
Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the subscription to or acquisition of debentures of the Company or any other body corporate.

BOYS' TOWN

Independent auditor

RSM SG Assurance LLP has expressed willingness to accept re-appointment.

On behalf of the board of directors



Bruno Lopez
Director



De Vaz Ian Marc Rosairo
Director

26 June 2025

RSM SG Assurance LLP

8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095

T +65 6533 7600

Assurance@RSMSingapore.sg
www.RSMSingapore.sg

**Independent Auditor's Report to the Members of
BOYS' TOWN****Report on the audit of the financial statements****Opinion**

We have audited the accompanying financial statements of Boys' Town (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and the Financial Reporting Standards ("FRS") so as to give a true and fair view of the financial position of the Company as at 31 December 2024 and of the financial activities, changes in funds and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the directors' statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of BOYS' TOWN

– 2 –

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and the FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Independent Auditor's Report to the Members of
BOYS' TOWN**

– 3 –

Auditor's responsibilities for the audit of the financial statements

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the Company have been properly kept in accordance with the provisions of the Act and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the reporting year:

- (a) the Company has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Yeow Thuan Wee.



RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

26 June 2025

BOYS' TOWN

Statement of Financial Activities Financial Year Ended 31 December 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
<u>Incoming resources</u>			
Grant income	20	6,589,734	5,720,344
Donations	20	3,438,602	3,397,122
Amortisation of deferred capital grants	19	746,187	740,323
Programme income	20	231,867	165,278
Interest income	20	80,659	42,772
Other income and gains	6	230,922	215,877
Total incoming resources		<u>11,317,971</u>	<u>10,281,716</u>
<u>Resources expended</u>			
Employee benefits	7	7,341,064	6,642,277
Fund-raising expenses	20	180,594	205,395
Programme expenses	20	903,566	921,181
Depreciation expenses	11	832,336	828,373
Other expenses	8	1,498,978	1,281,279
Other losses	6	26,073	3,125
Total resources expended		<u>10,782,611</u>	<u>9,881,630</u>
Net surplus for the financial year		<u>535,360</u>	<u>400,086</u>
<u>Total incoming resources / (resources expended)</u>			
General fund	20	1,963,817	1,970,325
Ministry of Social and Family Development ("MSF") restricted funds	20	(719,605)	(428,911)
Other restricted funds	20	(708,852)	(1,141,328)
Net incoming resources		<u>535,360</u>	<u>400,086</u>

The accompanying notes form an integral part of these financial statements

BOYS' TOWN

Statement of Financial Position As at 31 December 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	11	14,619,522	15,330,993
Financial assets at amortised cost	12	502,332	–
Total non-current assets		<u>15,121,854</u>	<u>15,330,993</u>
<u>Current assets</u>			
Cash and cash equivalents	17	8,952,236	8,835,751
Financial assets at FVTPL	13	2,917,086	2,764,117
Other receivables	14	487,109	525,058
Inventories	15	18,238	14,837
Other current assets	16	109,490	94,278
Total current assets		<u>12,484,159</u>	<u>12,234,041</u>
Total assets		<u>27,606,013</u>	<u>27,565,034</u>
FUNDS AND LIABILITIES			
<u>Unrestricted fund</u>			
General fund	20	16,941,686	14,977,869
Total unrestricted fund		<u>16,941,686</u>	<u>14,977,869</u>
<u>Restricted funds</u>			
MSF restricted funds	20	(1,281,277)	(561,672)
Other restricted funds	20	(3,279,120)	(2,570,268)
Total restricted funds		<u>(4,560,397)</u>	<u>(3,131,940)</u>
Total funds		<u>12,381,289</u>	<u>11,845,929</u>
<u>Current liabilities</u>			
Other payables	18	1,627,462	1,460,348
Deferred capital grants	19	746,187	740,323
Total current liabilities		<u>2,373,649</u>	<u>2,200,671</u>
<u>Non-current liabilities</u>			
Deferred capital grants	19	12,851,075	13,518,434
Total non-current liabilities		<u>12,851,075</u>	<u>13,518,434</u>
Total liabilities		<u>15,224,724</u>	<u>15,719,105</u>
Total funds and liabilities		<u>27,606,013</u>	<u>27,565,034</u>

The accompanying notes form an integral part of these financial statements

BOYS' TOWN

Statement of Changes in Funds Financial Year Ended 31 December 2024

	<u>General fund</u> \$	<u>MSF restricted funds</u> \$	<u>Other restricted funds</u>	<u>Total funds</u> \$
<u>2024</u>				
At 1 January	14,977,869	(561,672)	(2,570,268)	11,845,929
Changes in funds				
Total surplus / (deficit) for the year	<u>1,963,817</u>	<u>(719,605)</u>	<u>(708,852)</u>	<u>535,360</u>
At 31 December	<u>16,941,686</u>	<u>(1,281,277)</u>	<u>(3,279,120)</u>	<u>12,381,289</u>
 <u>2023</u>				
At 1 January	13,007,544	(132,761)	(1,428,940)	11,445,843
Changes in funds				
Total surplus / (deficit) for the year	<u>1,970,325</u>	<u>(428,911)</u>	<u>(1,141,328)</u>	<u>400,086</u>
At 31 December	<u>14,977,869</u>	<u>(561,672)</u>	<u>(2,570,268)</u>	<u>11,845,929</u>

The accompanying notes form an integral part of these financial statements

BOYS' TOWN

Statement of Cash Flows Financial Year Ended 31 December 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
<u>Cash flows from operating activities</u>			
Net surplus for the financial year		535,360	400,086
<i>Adjustments for:</i>			
Interest income		(80,659)	(42,772)
Depreciation of property, plant and equipment	11	832,336	828,373
Amortisation of bond premium	12	218	–
Fair value gain on financial assets at FVTPL	13	(152,969)	(136,505)
Amortisation of deferred capital grants	19	(746,187)	(740,323)
Operating cash flows before changes in working capital		<u>388,099</u>	<u>308,859</u>
<i>Changes in:</i>			
Other receivables		40,156	(101,780)
Inventories		(3,401)	3,125
Other current assets		(15,212)	(53,371)
Other payables		<u>167,114</u>	<u>(125,779)</u>
Net cash flows from operating activities		<u>576,756</u>	<u>31,054</u>
<u>Cash flows used in investing activities</u>			
Purchase of property, plant and equipment	11	(120,865)	(212,824)
Purchase of investments	12	(502,550)	–
Interest received		<u>78,452</u>	<u>42,772</u>
Net cash flows used in investing activities		<u>(544,963)</u>	<u>(170,052)</u>
<u>Cash flows from financing activities</u>			
Deferred capital grants received	19	<u>84,692</u>	<u>490,523</u>
Net cash flows from financing activities		<u>84,692</u>	<u>490,523</u>
Net increase in cash and cash equivalents		116,485	351,525
Cash and cash equivalents at beginning of the year		<u>8,835,751</u>	<u>8,484,226</u>
Cash and cash equivalents at end of the year	17	<u>8,952,236</u>	<u>8,835,751</u>

The accompanying notes form an integral part of these financial statements

BOYS' TOWN

Notes to the Financial Statements For the financial year ended 31 December 2024

1. Domicile and activities

Boys' Town (the "Company") is a public company limited by guarantee, incorporated on 14 September 2015 in the Republic of Singapore.

It has a constitution as its governing instrument. It is registered as a charity under the Charities Act 1994 and accorded the status as an Institution of a Public Character until 14 December 2025.

The members of the Company have guaranteed to contribute amounts not exceeding \$100 to the assets of the Company in the event of it being wound up. There were 3 members as at 31 December 2024 (2023: 3).

The principal activities of the Company are to provide residential, outreach, school, and community-based programmes to help youths at risk between the ages of 10 to 21 become socially integrated, responsible, and contributing members of society.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRS"). They are also subjected to the provisions of the Companies Act 1967 and Charities Act 1994.

2.2 Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements

2.3 Functional and presentation currency

The Company has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore dollars and accordingly all financial information is presented in Singapore dollars. Incoming resources and resources expended are primarily influenced by fluctuations in Singapore dollars.

2.4 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual periods beginning on or after 1 January 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

3. Material accounting policy information and other explanatory information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3. Material accounting policy information and other explanatory information (continued)

3.1 Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively.

All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income.

3.2 Fair value measurement

The fair values of financial assets and liabilities are prepared by the finance team which regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified as.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. For certain financial instruments, the Company may use data that is not readily observable in current markets. In these instances, management needs to exercise greater judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the Company derives unobservable inputs from other relevant market data and compare them to observed transaction prices where available.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 13 – Financial risk management.

3.3 Revenue and income recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised at an amount that reflects the consideration to which the Company expects to be entitled. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the fund has unconditional entitlement.

3. Material accounting policy information and other explanatory information (continued)

3.3 Revenue and income recognition (continued)

Revenue is recognised when the Company satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

- (i) Donations – Revenue from donations are accounted for when received, except for committed donations that are recorded when the commitments are signed.
- (ii) Grant income – Grant income is recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received.
- (iii) Donations-in-kind – Goods donated are recorded at values based on a reasonable estimate of their value. Assets which are donated for resale or consumption are not recorded if the value of such assets are not material or it is not practical to ascertain the value of the items involved. Similarly, volunteer services are not recognised as their fair value cannot be reliably measured or it is not practical to do so.
- (iv) Programme income – Revenue from programmes organised are recognised when due.
- (v) Rental income – Rental income is recognised from operating leases as income on a straight-line basis.
- (vi) Interest income – Interest income is recognised using the effective interest method.

3.4 Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

3.5 Income tax

The Company is an approved charitable institution under the Charities Act 1994 and an institution of a public character under the Income Tax Act 1947. Accordingly, the Company is exempt from income tax.

3.6 Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit or loss when they are incurred.

3. Material accounting policy information and other explanatory information (continued)

3.6 Property, plant and equipment (continued)

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

The annual rates of depreciation are as follows:

Buildings	-	2% or over lease period whichever is lower
Motor vehicles	-	10%
Furniture & fittings	-	10% to 20%
Computer & software	-	20% to 33 ⅓%

Assets under construction are stated at cost. Expenditure relating to assets under construction are capitalised when incurred. No depreciation is provided until the assets under construction are completed and the related property, plant and equipment are available for use. An item of the property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

3.7 Carrying amounts of non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

3.8 Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

3. Material accounting policy information and other explanatory information (continued)

3.8 Financial instruments (continued)

Classification of financial assets and financial liabilities and subsequent measurement:

The financial reporting standard on financial instruments requires the certain classification of financial assets and financial liabilities. At the end of the reporting year, the reporting entity had the following classes:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are in this class.
- Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Financial liabilities are classified as measured at amortised cost: A financial liability is initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised other payables.

3.9 Cash and cash equivalents

Cash comprises cash on hand and time deposits.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

3.10 New standards and interpretations not adopted

Certain new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements. The new standards and amendments to standards are not expected to have material effect on its financial statements.

4. Significant accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of the incoming resources, resources expended, assets and liabilities at the end of the reporting period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

BOYS' TOWN

4. Significant accounting estimates, assumptions and judgements (continued)

Management is of the opinion that there is no significant judgement made in the process of applying the accounting policies and no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

5. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the Company to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties.

A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Related party includes the committee members and key management personnel of the Company. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. Key management personnel include the board of directors and executive management.

In accordance with the Code of Governance, the committee members, or people connected with them, have not received remuneration, or other benefits, from the Company or from institutions connected with the Company.

All members of the board of directors, sub-committees and staff members of the Company are required to read and understand the conflict of interest policy in place and make full disclosure of interests and relationships that could potentially result in a conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

There are no paid staff who are close members of the family of the committee members whose remuneration each exceeds \$50,000 during the year.

5.1 Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the information disclosed elsewhere in the notes to the financial statements, other related party transactions include the following:

	<u>2024</u> \$	<u>2023</u> \$
Consultation fee paid to the Titular Superior of the Brothers of St Gabriel (Note 8)	(144,000)	(144,000)
Rental income received from Montfort Care	<u>60,156</u>	<u>60,156</u>

The above related parties comprise charities or companies which have common members or directors.

BOYS' TOWN

5. Related party relationships and transactions (continued)

5.2 Key management compensation

	<u>2024</u>	<u>2023</u>
	\$	\$
Salaries and other short-term employee benefits	560,776	519,160
Contributions to defined contribution plan	<u>46,410</u>	<u>47,741</u>

The above amounts are included under employee benefits expense. The above amounts do not include compensation if any of certain key management personnel and directors of the Company who received compensation from related corporations in their capacity as directors and or executives of those related corporations. The annual remuneration (comprising basic salary, bonuses, allowances and employer's contributions to Central Provident Fund) of the key management personnel classified by remuneration bands are as follow:

	<u>2024</u>	<u>2023</u>
Between \$100,000 to \$200,000	<u>3</u>	<u>3</u>

6. Other income and gains / Other losses

	<u>2024</u>	<u>2023</u>
	\$	\$
Fair value gain on financial assets at FVTPL (Note 13)	152,969	136,505
Rental income	64,478	71,916
Bad debts written off	(25,855)	—
Amortisation of bond premium (Note 12)	(218)	—
Other	13,475	4,331
	<u>204,849</u>	<u>212,752</u>
<u>Presented in profit or loss as</u>		
Other income and gains	230,922	215,877
Other losses	(26,073)	(3,125)
Net	<u>204,849</u>	<u>212,752</u>

7. Employee benefits

	<u>2024</u>	<u>2023</u>
	\$	\$
Short term employee benefits	6,410,211	5,759,298
Contributions to defined contribution plan	819,267	745,013
Other staff costs	111,586	137,966
	<u>7,341,064</u>	<u>6,642,277</u>

8. Other expenses

The following items have been included in arriving at net surplus for the financial year.

	<u>2024</u>	<u>2023</u>
	\$	\$
Repairs and maintenance	528,306	455,180
Security services	185,256	174,771
Consultation fee (Note 5.1)	144,000	144,000
Utilities	<u>175,747</u>	<u>161,657</u>

BOYS' TOWN

9. Tax-exempt receipts

The Company enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Company. This status was renewed for 2 years and 10 months with effect from 15 February 2023 to 14 December 2025 under the Commissioner of Charities. During the financial year, the Company issued tax-exempt receipts for donations collected totalling \$3,059,225 (2023: \$2,936,426).

10. Reserves policy

The Company has a reserves policy to maintain its reserves at a level which is not more than 3 years of its annual operating expenditure to meet its operational needs. The board of directors periodically reviews the amount of reserves that are required to ensure that they are adequate to fulfil the Company's continuing obligations. The Company is not subjected to externally imposed capital requirements and there were no changes to the Company's approach to reserves management during the year.

BOYS' TOWN

11. Property, plant and equipment

	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Furniture & fittings</u>	<u>Computer & software</u>	<u>Construction in progress</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
At 1 January 2023	18,428,838	239,703	1,872,601	398,676	826,961	21,766,779
Additions	–	–	–	191,278	21,546	212,824
Transfer	761,103	–	–	65,858	(826,961)	–
At 31 December 2023	19,189,941	239,703	1,872,601	655,812	21,546	21,979,603
Additions	–	–	13,508	62,068	45,289	120,865
Transfer	66,835	–	–	–	(66,835)	–
At 31 December 2024	19,256,776	239,703	1,886,109	717,880	–	22,100,468
<u>Accumulated depreciation</u>						
At 1 January 2023	4,148,268	84,936	1,303,456	283,577	–	5,820,237
Depreciation charge	564,885	23,851	148,787	90,850	–	828,373
At 31 December 2023	4,713,153	108,787	1,452,243	374,427	–	6,648,610
Depreciation charge	571,010	23,851	140,279	97,196	–	832,336
At 31 December 2024	5,284,163	132,638	1,592,522	471,623	–	7,480,946
<u>Carrying value</u>						
At 1 January 2023	14,280,570	154,767	569,145	115,099	826,961	15,946,542
At 31 December 2023	14,476,788	130,916	420,358	281,385	21,546	15,330,993
At 31 December 2024	13,972,613	107,065	293,587	246,257	–	14,619,522

BOYS' TOWN

12. Financial assets at amortised cost

The balance is made up of:

	<u>2024</u> \$	<u>2023</u> \$
Quoted bonds at amortised cost with fixed rate of 2.598 % and maturing on 30 October 2029.	<u>502,332</u>	<u>—</u>
<u>Movements during the year</u>		
Amortised cost at beginning of the year	—	—
Additions	502,550	—
Amortisation of bond premium	(218)	—
Amortised cost at end of the year	<u>502,332</u>	<u>—</u>

Investments in debt asset instrument at amortised cost shown above are stated at cost. The fair values are:

	<u>Level</u>	<u>2024</u> \$	<u>2023</u> \$
Quoted bonds at amortised cost with fixed rate of 2.598 % and maturing on 30 October 2029.	2	<u>489,807</u>	<u>—</u>

There were no reclassifications between financial assets during the reporting year.

Debt asset investments carried at amortised cost are subject to the expected credit loss model under the standard on financial instruments. The debt assets at amortised cost are considered to have low credit risk, and the loss allowance, if any, recognised during the reporting year is limited to 12 months expected losses. Listed debt assets are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies. At the end of the reporting year a loss allowance is recognised if there has been a material increase in credit risk since initial recognition. For any material increase or decrease in credit risk an adjustment is made to the loss allowance for the balances (classified as other financial liabilities).

13. Financial assets at FVTPL

Investments which are designated at fair value through profit or loss comprise:

	<u>2024</u> \$	<u>2023</u> \$
Quoted funds managed by fund managers	<u>2,917,086</u>	<u>2,764,117</u>
<u>Movements during the year</u>		
Fair value at beginning of the year	2,764,117	2,627,612
Fair value gains (Note 6)	152,969	136,505
Fair value at end of the year	<u>2,917,086</u>	<u>2,764,117</u>

The fair value hierarchy is as follows:

	<u>2024</u> \$	<u>2023</u> \$
Level 2	<u>2,917,086</u>	<u>2,764,117</u>

BOYS' TOWN

13. Financial assets at FVTPL (continued)

The fair values of investments in quoted funds are based on the net asset value at the end of the reporting year. These investments are exposed to market price risk arising from uncertainties on the future values of the investment securities.

Sensitivity analysis for price risk of financial assets at FVTPL

There are investments in debt instruments or similar instruments. Such investments are exposed to both currency risk and market price risk arising from uncertainties about future values of the investment securities. The effect is as follows:

	<u>2024</u> \$	<u>2023</u> \$
A hypothetical 10% increase in the fair value of quoted funds would have an effect on fair value of	<u>291,709</u>	<u>276,412</u>

For similar price decreases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

This figure does not reflect the currency risk, which has been considered in the foreign currency risks analysis section only. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

The above sensitivity has not changed materially from last year.

14. Other receivables

	<u>2024</u> \$	<u>2023</u> \$
Third parties	<u>487,109</u>	<u>525,058</u>

The other receivables shown above are subject to the expected credit loss ("ECL") allowance assessment under the financial reporting standard on financial instruments. For these material balances judgement is required for the assessment of the credit risk graded individually. At inception they are recorded net of any expected 12 month expected credit losses. At the end of the reporting year a loss allowance is recognised if there has been a material increase in credit risk since initial recognition. For any material increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, audited financial statements, management accounts and available published information about customers about debtors that is available without undue cost or effort) and applying experienced credit judgement.

15. Inventories

	<u>2024</u> \$	<u>2023</u> \$
Supplies	<u>18,238</u>	<u>14,837</u>

BOYS' TOWN

16. Other current assets

	<u>2024</u>	<u>2023</u>
	\$	\$
Deposits	27,946	31,908
Prepayments	81,544	62,370
	<u>109,490</u>	<u>94,278</u>

17. Cash and cash equivalents

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash at bank	4,817,004	4,759,162
Time deposits with financial institutions	4,135,232	4,076,589
	<u>8,952,236</u>	<u>8,835,751</u>

Time deposits bear interest at a rate between 2.80% to 3.40% (2023: 2.50% to 3.75%) and for an average tenure of 12 months (2023: 7 months).

18. Other payables

	<u>2024</u>	<u>2023</u>
	\$	\$
Third parties	632,760	666,938
Accrued liabilities	994,702	793,410
	<u>1,627,462</u>	<u>1,460,348</u>

19. Deferred capital grants

	<u>MSF ⁽ⁱ⁾</u>	<u>Donation ⁽ⁱⁱ⁾</u>	<u>Grant ⁽ⁱⁱⁱ⁾</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Cost</u>				
At 1 January 2023	7,896,295	11,482,934	714,108	20,093,337
Additions	561,712	–	35,162	596,874
Adjustment	–	–	(106,351)	(106,351)
At 31 December 2023	8,458,007	11,482,934	642,919	20,583,860
Additions	–	–	84,692	84,692
At 31 December 2024	8,458,007	11,482,934	727,611	20,668,552
<u>Accumulated amortisation</u>				
At 1 January 2023	1,904,495	3,524,369	155,916	5,584,780
Amortisation for the year	245,063	349,744	145,516	740,323
At 31 December 2023	2,149,558	3,874,113	301,432	6,325,103
Amortisation for the year	249,741	406,874	89,572	746,187
At 31 December 2024	2,399,299	4,280,987	391,004	7,071,290
<u>Carrying value</u>				
At 1 January 2023	5,991,800	7,958,565	558,192	14,508,557
At 31 December 2023	6,308,449	7,608,821	341,487	14,258,757
At 31 December 2024	6,058,708	7,201,947	336,607	13,597,262

(i) Represents grants received from Ministry of Social and Family Development ("MSF") for the construction of the Buildings.

(ii) Represents donations received from public for the construction of the Buildings.

BOYS' TOWN

19. Deferred capital grants (continued)

- (iii) Represents grants received from government bodies and private entities for organisational development / client services, which include accounting software, estate management and clients service delivery.

Presented in the statement of financial position as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Current	746,187	740,323
Non-current	<u>12,851,075</u>	<u>13,518,434</u>
	<u>13,597,262</u>	<u>14,258,757</u>

Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expenses on those assets is recognised.

20. Fund account transactions and balances

All income and expenditures are reflected in the statement of financial activities. Income and expenditures specifically relating to any of the funds separately set up by the Company are allocated subsequently to those funds. Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most reflective of the usage. Common expenses include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

- (i) General fund – represents cumulative surpluses available for general use for the furtherance of the Company's objectives.
- (ii) MSF restricted funds – represent programmes funded by MSF to provide residential, outreach, school and community-based programmes to help youths-at-risk.
- (iii) Other restricted funds – represent programmes funded by grants and donations received from the public, to provide residential, outreach, school and community-based programmes to help youths-at-risk.
- (iv) The residential programme is segregated into two categories to provide a distinction between grants provided by MSF, and grants and donations provided by other parties.

The Company is vigilant in its use of funds from multiple sources. The programmes and services that are in deficit are primarily due to a decrease in income or an increase in operating costs or manpower expenditure. A deficit as such will be made good by tapping into additional fundraising efforts or using reserves accumulated over the years. This is to ensure that the service delivery and obligations of specific programmes that fall within a range of deficits are not compromised.

BOYS' TOWN

20. Fund account transactions and balances (continued)

	Note	General fund \$	MSF restricted funds				Other restricted funds							Subtotal \$	Total \$
			Residential Service \$	Therapeutic Group Home \$	Fostering Agency \$	Outcome-Based Funding \$	Subtotal \$	Residential Service \$	Youth Reach \$	Boys' Town Adventure Centre \$	Clinical Intervention Centre \$	Sanctuary Care \$	Our Milieu Project \$		
2024															
At 1 January		14,977,869	(830,406)	116,946	292,947	(141,159)	(561,672)	(82,152)	(1,013,007)	(404,316)	(671,202)	(399,591)	–	(2,570,268)	11,845,929
<u>Incoming resources</u>															
Grant from MSF		–	1,995,135	1,336,904	1,395,327	244,670	4,972,036	–	–	–	–	–	–	–	4,972,036
Grant income		110,255	44,041	26,283	24,531	5,401	100,256	544,899	301,261	171,261	219,509	170,257	–	1,407,187	1,617,698
Donations		2,698,856	–	–	12,000	–	12,000	473,656	22,500	–	–	11,547	220,043	727,746	3,438,602
Amortisation of deferred capital grants	19	564,084	65,387	39,022	36,420	8,019	148,848	33,255	–	–	–	–	–	33,255	746,187
Programme income		26,300	–	–	–	–	–	18,543	–	158,774	28,250	–	–	205,567	231,867
Interest income		79,052	464	277	259	57	1,057	236	92	92	74	56	–	550	80,659
Other income and gains	6	28,311	14,342	8,559	7,988	1,759	32,648	7,294	2,853	2,853	2,282	1,712	–	16,994	77,953
Fair value gains on financial assets at FVTPL	13	152,969	–	–	–	–	–	–	–	–	–	–	–	–	152,969
Total income		3,659,827	2,119,369	1,411,045	1,476,525	259,906	5,266,845	1,077,883	326,706	332,980	250,115	183,572	220,043	2,391,299	11,317,971
<u>Resources expended</u>															
Employee benefits	7	872,638	1,784,144	995,904	1,254,107	218,796	4,252,951	907,393	285,574	337,903	327,679	225,786	131,140	2,215,475	7,341,064
Fund-raising expenses		104,234	–	–	–	–	–	65,525	–	–	–	–	10,835	76,360	180,594
Programme expenses	20.1	6,132	256,433	120,481	199,814	31,447	608,175	130,419	20,711	57,736	22,009	50,717	7,667	289,259	903,566
Depreciation expenses	11	201,687	194,974	116,357	108,600	23,910	443,841	99,161	23,201	23,201	18,560	13,920	8,765	186,808	832,336
Other expenses	8	485,246	299,559	178,658	166,747	36,519	681,483	152,253	35,146	53,405	42,189	30,973	18,283	332,249	1,498,978
Other losses	6	26,073	–	–	–	–	–	–	–	–	–	–	–	–	26,073
Total expenditure		1,696,010	2,535,110	1,411,400	1,729,268	310,672	5,986,450	1,354,751	364,632	472,245	410,437	321,396	176,690	3,100,151	10,782,611
Net surplus / (deficit) for the financial year		1,963,817	(415,741)	(355)	(252,743)	(50,766)	(719,605)	(276,868)	(37,926)	(139,265)	(160,322)	(137,824)	43,353	(708,852)	535,360
At 31 December		16,941,686	(1,246,147)	116,591	40,204	(191,925)	(1,281,277)	(359,020)	(1,050,933)	(543,581)	(831,524)	(537,415)	43,353	(3,279,120)	12,381,289

BOYS' TOWN

20. Fund account transactions and balances (continued)

	Note	General fund \$	MSF restricted funds (ii)					Other restricted funds (iii)						Total \$
			Residential Service \$	Therapeutic Group Home \$	Fostering Agency \$	Outcome-Based Funding \$	Subtotal \$	Residential Service \$	Youth Reach \$	Boys' Town Adventure Centre \$	Clinical Intervention Centre \$	Sanctuary Care \$	Subtotal \$	
2023														
At 1 January		13,007,544	(685,040)	299,651	297,330	(44,702)	(132,761)	127,713	(675,735)	(307,301)	(439,576)	(134,041)	(1,428,940)	11,445,843
<u>Incoming resources</u>														
Grant from MSF		–	1,064,429	1,208,732	1,376,321	712,772	4,362,254	–	–	–	–	–	–	4,362,254
Grant income		43,623	15,952	25,631	16,188	10,682	68,453	566,534	312,141	180,396	160,396	26,547	1,246,014	1,358,090
Donations		2,758,026	–	–	–	–	–	531,217	37,816	59,983	–	10,080	639,096	3,397,122
Amortisation of deferred capital grants	19	568,779	32,199	51,736	32,675	21,562	138,172	33,372	–	–	–	–	33,372	740,323
Programme income		32,289	–	–	–	–	–	22,000	–	87,544	23,245	200	132,989	165,278
Interest income		41,527	177	285	180	119	761	184	135	60	60	45	484	42,772
Other income and gains	6	25,110	7,731	12,422	7,845	5,177	33,175	8,012	5,884	2,615	2,615	1,961	21,087	79,372
Fair value gains on financial assets at FVTPL	13	136,505	–	–	–	–	–	–	–	–	–	–	–	136,505
Total income		3,605,859	1,120,488	1,298,806	1,433,209	750,312	4,602,815	1,161,319	355,976	330,598	186,316	38,833	2,073,042	10,281,716
<u>Resources expended</u>														
Employee benefits	7	787,404	900,388	1,052,677	976,452	602,927	3,532,444	933,199	570,442	268,638	321,693	228,457	2,322,429	6,642,277
Fund-raising expenses		145,644	–	–	–	–	–	59,751	–	–	–	–	59,751	205,395
Programme expenses	20.1	11,174	149,172	82,159	242,187	99,890	573,408	154,608	20,859	97,150	34,424	29,558	336,599	921,181
Depreciation expenses	11	216,697	94,906	152,489	96,309	63,552	407,256	98,365	47,725	21,211	21,211	15,908	204,420	828,373
Other expenses	8	471,490	121,388	194,186	122,644	80,400	518,618	125,261	54,222	40,614	40,614	30,460	291,171	1,281,279
Other losses	6	3,125	–	–	–	–	–	–	–	–	–	–	–	3,125
Total expenditure		1,635,534	1,265,854	1,481,511	1,437,592	846,769	5,031,726	1,371,184	693,248	427,613	417,942	304,383	3,214,370	9,881,630
Net surplus / (deficit) for the financial year		1,970,325	(145,366)	(182,705)	(4,383)	(96,457)	(428,911)	(209,865)	(337,272)	(97,015)	(231,626)	(265,550)	(1,141,328)	400,086
At 31 December		14,977,869	(830,406)	116,946	292,947	(141,159)	(561,672)	(82,152)	(1,013,007)	(404,316)	(671,202)	(399,591)	(2,570,268)	11,845,929

BOYS' TOWN

20. Fund account transactions and balances (continued)

20.1 Programme expenses

	<u>2024</u>	<u>2023</u>
	\$	\$
<u>Residential Service (including Outcome-Based Funding)</u>		
Boys' expenses	228,046	180,049
Programme expenses	91,140	121,601
Tuition and others	95,146	95,484
Transport	3,967	6,536
	<u>418,299</u>	<u>403,670</u>
<u>Therapeutic Group Home</u>		
Boys' expenses	64,765	65,561
Professional fees	15,000	13,199
Programme expenses	36,725	1,796
Transport	3,401	1,054
Telephone	590	549
	<u>120,481</u>	<u>82,159</u>
<u>Fostering Agency</u>		
Fostering programmes	78,723	130,206
Transport (foster children)	85,799	58,650
Publicity expenses	18,416	27,140
Transport	10,203	20,702
Telephone	3,577	4,035
Foster parents' assessment	3,096	1,454
	<u>199,814</u>	<u>242,187</u>
Others	164,972	193,165
Total programme expenses	<u>903,566</u>	<u>921,181</u>

21. Financial instruments: information on material policy information and financial risks

21.1 Categories of financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>2024</u>	<u>2023</u>
	\$	\$
<u>Financial assets</u>		
Financial assets at amortised cost	9,941,677	9,360,809
Financial assets at FVTPL	2,917,086	2,764,117
At end of the year	<u>12,858,763</u>	<u>12,124,926</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	1,627,462	1,460,348
At end of the year	<u>1,627,462</u>	<u>1,460,348</u>

Further quantitative disclosures are included throughout these financial statements.

BOYS' TOWN

21. Financial instruments: information on material policy information and financial risks (continued)

21.2 Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

21.3 Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

21.4 Credit risk

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses ("ECL") allowance on financial assets measured at amortised cost. On initial recognition, a loss allowance is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 17 discloses the cash balances. There was no identified impairment loss.

21.5 Liquidity risk

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity within twelve months after at the end of the reporting year. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

BOYS' TOWN

21. Financial instruments: information on material policy information and financial risks (continued)

21.6 Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the material financial instruments by type of interest rate:

	<u>2024</u> \$	<u>2023</u> \$
<u>Financial assets with interest</u>		
Fixed rates	<u>4,637,564</u>	<u>4,076,589</u>
Sensitivity analysis:		
	<u>2024</u> \$	<u>2023</u> \$
A hypothetical variation in interest rates at the end of reporting year by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by the following amounts:	<u>46,376</u>	<u>40,766</u>

22. New or amended standards in issue but not yet effective

The ASC issued certain new or revised financial reporting standards for the future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	Effective date for periods beginning on or after
FRS 109 and 107	Classification and Measurement of Financial Instruments – Amendments	1 January 2026
FRS 118	Presentation and disclosures in financial statements	1 January 2027

23. Authorisation of financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 26 June 2025.